

**NEIGHBORHOOD HOUSING SERVICES' MONTANA HOMEOWNERSHIP
NETWORK AFFORDABLE HOUSING PROGRAM
SUBORDINATE MORTGAGE NOTE**

DATED: _____, 200__

NOTE AMOUNT:

PROPERTY ADDRESS:

1. "Mortgagor" means each person signing at the end of the Note. "Lender" means Montana Board of Housing, an agency of the state of Montana, and its successors and assigns. "First Mortgage" means the Note and Trust Indenture executed contemporaneously with this Neighborhood Housing Services' Montana Homeownership Network Affordable Housing Program Mortgage Note and Subordinate Mortgage.
2. In return for a loan received from Lender, Borrower promises to pay Lender the principal sum of _____ Dollars (U.S. \$ _____) plus interest, to the order of Lender. Interest will be charged on unpaid principal, from the date of disbursement of the loan proceeds by Lender, at the rate of ____% per year until the full amount of principal has been paid.
3. Borrower's promise to pay is secured by a Subordinate Mortgage, that is dated the same date as this Note. That Subordinate Mortgage protects the Lender from losses which might result if Borrower defaults under this Note.
4. **(A) Time**
Borrower shall make a payment of principal and interest to Lender on the first day of each month beginning on _____. Any principal and interest remaining on the first day of _____, will be due on that date, which is called the "Maturity date".

(B) Place
Payment shall be made at _____ or at such other place as Lender may designate in writing by notice to Borrower.

(C) Amount
Each monthly payment of principal and interest will be in the amount of \$_____. This amount will be part of a larger monthly payment required by the Subordinate Mortgage that shall be applied to principal, interest and other items in the order described in the Subordinate Mortgage.
5. This Note is pursuant to a Neighborhood Housing Services' Montana Homeownership Network Affordable Housing Program Mortgage (the "Subordinate Mortgage"), between the Lender and Mortgagor, of even date herewith, granting to the Board a lien on the real property ("Property") described in said Mortgage. This is a participation Mortgage. Monthly principal and interest payments of the combined total of both the first and subordinate mortgages must be made simultaneously or both loans will be in default.
6. **Neighborhood Housing Services' Montana Homeownership Network Affordable Housing Program Promissory Note is not assumable.** Principal and interest payment shall be immediately due and payable upon: a) any transfer of the Mortgagor's ownership interest in the property address above and more specifically described in the Subordinate Mortgage securing his Note; or b) payment in full of the First Mortgage.
7. The Mortgagor may prepay at any time, with out premium, fee, or other penalty, the entire indebtedness of the "Subordinate Mortgage". Additional principal reduction payments are payable on the first day of any month and will first be applied to the "Subordinate Mortgage" unless otherwise stated in writing at time of payment by Mortgagor.
8. If Lender has not received the full monthly payment required by the Subordinate Mortgage, as described in Paragraph 4 (C) of this Note by the end of **fifteen** calendar days after the payment is due, Lender may collect a late charge in the amount of **Four per cent (4.00%)** of the overdue amount of each payment.
9. Federal Housing Administration, Veterans Administration, or Rural Development foreclosure policies and procedures shall take precedence in the event of default. The First Mortgage has priority in case of foreclosure.
10. If this Note has been executed by two persons, the obligations herein are joint and several obligations of each such person. In the event that the Lender obtains a judgment in foreclosure or sale, it shall look solely to the Property given as security in the Mortgage for the repayment of this Note.

This Note is secured by the Mortgage executed by Mortgagor on the Property described therein which Property has the address of _____, Montana 59_____

Mortgagor

Mortgagor

STATE OF MONTANA)
)
County of _____) :ss.

On this _____ day of _____, 20 ____, before me, a notary public for the State of Montana, personally appeared _____, known to me to be the person(s) he/she/ they/ executed the same.

In witness whereof, I have hereunto set my hand and affixed my notarial seal on the day and year first above written.

(Notarial Seal)

Notary Public for the State of Montana

Residing at: _____

My Commission Expires: _____

STATE OF MONTANA)
)
County of _____) :ss.

On this _____ day of _____, 20 ____, before me, a notary public for the State of Montana, personally appeared _____, known to me to be the person(s) he/she/ they/ executed the same.

In witness whereof, I have hereunto set my hand and affixed my notarial seal on the day and year first above written.

(Notarial Seal)

Notary Public for the State of Montana

Residing at: _____

My Commission Expires: _____